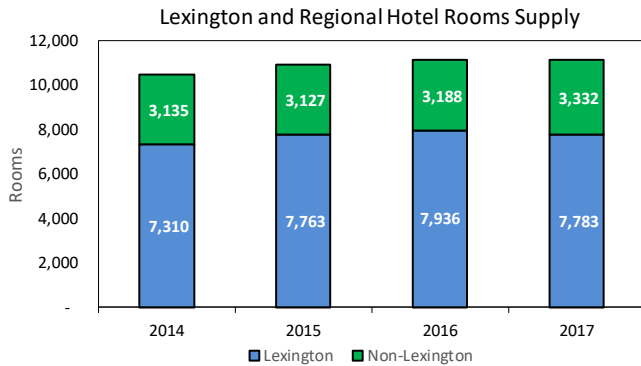


Tourism Supply

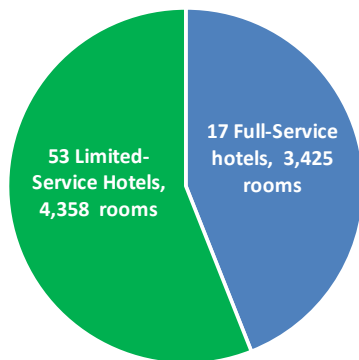


Source: Smith Travel Research

Fig. 1

- Hotel supply in Lexington and the regional area¹ remained steady in 2017, following an increase of 6.5% from 2014 until 2016.
- Lexington has a 70% share of the regional area hotel market.
- Within the city of Lexington, 7,783 rooms are contained within 70 hotels.

Lexington Hotels - Service Levels



Source: Smith Travel Research, VisitLEX

Fig. 2

- Nearly 56% of Lexington hotel rooms – 4,358 units – are in 53 limited-service hotels.
- Units in 17 full-service hotels make up 44% (3,425 rooms) of Lexington hotel supply.
- Full-service brands include Marriott, Hyatt Regency, Hilton, 21c, Embassy Suites, and DoubleTree, among others.

Total Meeting Space in Lexington Hotels		
Sq. Footage	Properties	Representative Brands
20,000 or more	4	Marriott, Hilton, Hyatt, Curio
15,000-20,000	0	None
10,000-15,000	2	Embassy Suites, Clarion
5,000-10,000	5	Ramada, Four Points, 21c, Clarion, DoubleTree
1,000-5,000	9	Fairfield, Hilton Suites, Courtyard, Hyatt Place
Less than 1,000	10	Homewood, Hilton Garden, Residence, Hampton

Source: VisitLEX

Fig. 3

- Six out of 28 Lexington hotels with meeting space have more than 10,000 square feet.
- Four Lexington hotels have more than 20,000 square feet of meeting space.

¹ Lexington region includes hotels in Berea, Georgetown, Lexington, Paris, Richmond, Wilmore, and Winchester.

Tourism Supply (cont.)

Comparable Hotel Sales			
Year	Number of Sales	Total Rooms	Average Sale Price per Room
2017	4	327	\$67,159
2016	2	236	\$70,269
2015	9	1,077	\$88,494
2014	2	488	\$63,593

Source: Fayette County, KY PVA

Fig. 4

- Since 2014, 17 hotel properties in Lexington have sold garnering an average sales price per room of more than \$77,000.
- 2015 was a peak year for Lexington hotel sales in terms of properties and price per room – nine hotels and \$88,494, respectively.

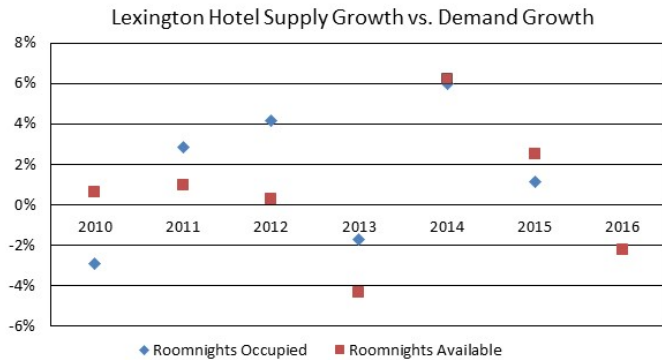
Proposed Hotels				
Project Name	Neighborhood	Rooms	Projected Open	Project Phase
TownePlace Suites Lexington West	CBD/Southwest Loop	89	01/31/2018	In Construction
Holiday Inn Lexington	CBD/Southwest Loop	175	04/03/2018	In Construction
Fairfield Inn & Suites Lexington East	Northeast Loop	84	06/01/2018	In Construction
Marriott Lexington Downtown	CBD/Southwest Loop	203	02/05/2019	Final Planning
Springhill Suites Lexington North	Northeast Loop	125	03/09/2019	Final Planning
Residence Inn Lexington Downtown	CBD/Southwest Loop	120	02/25/2020	Planning
aloft Hotel Lexington University	CBD/Southwest Loop	135	04/02/2023	Planning

Source: Smith Travel Research

Fig. 5

- By 2023, 931 new hotel rooms in seven properties may be open in Lexington.
- A total of 348 new hotel rooms are under construction and expected to open in 2018.
- If proposed development happens as planned, total Lexington hotel supply would reach 8,459 rooms by 2019.

Tourism Demand

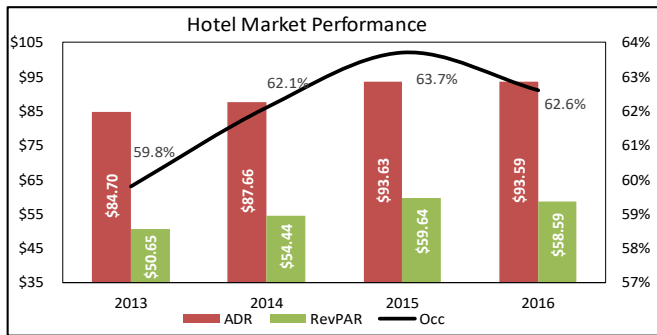


Source: Smith Travel Research

Fig. 6

- Between 2011 and 2013, Lexington hotel demand growth outpaced growth in Lexington hotel supply.
- As new hotels came on the market in 2014 and 2015, supply growth caught up with demand growth.

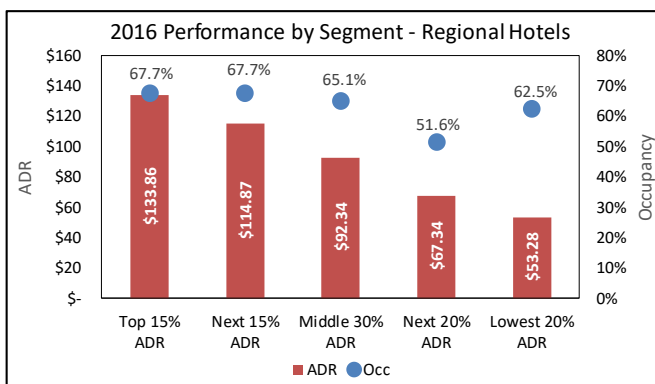
Tourism Demand (cont.)



Source: Smith Travel Research

Fig. 7

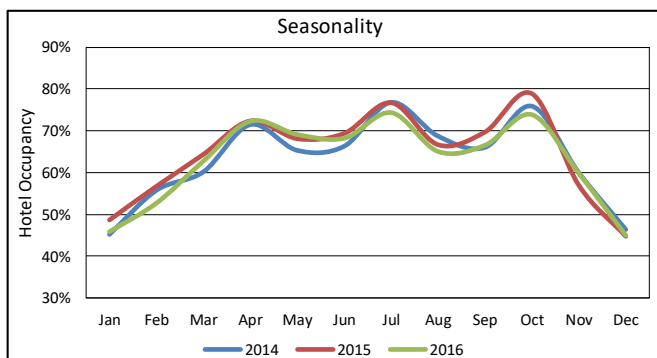
- Annual hotel occupancy in Lexington and the regional area² has hovered between 62.1% and 63.7% since 2014.
- Between 2013 and 2016, ADR grew 10.5%, increasing from \$84.70 to \$93.59.
- RevPAR has increased 15.7%, from \$50.65 to \$58.59, since 2013.



Source: Smith Travel Research

Fig. 8

- Regional hotels in the 70th percentile of ADR post the highest occupancy rates (67.7%), relative to lower rated hotels in the region.
- Hotels in the top 15% of region ADR include Embassy Suites, Holiday Inn Express & Suites, Springhill Suites, 21c, Hilton, Hyatt Regency, Courtyard, Homewood, Marriott, Staybridge, Residence Inn, and DoubleTree.
- The poorest performing hotels, in terms of occupancy, are those with an ADR of around \$70.



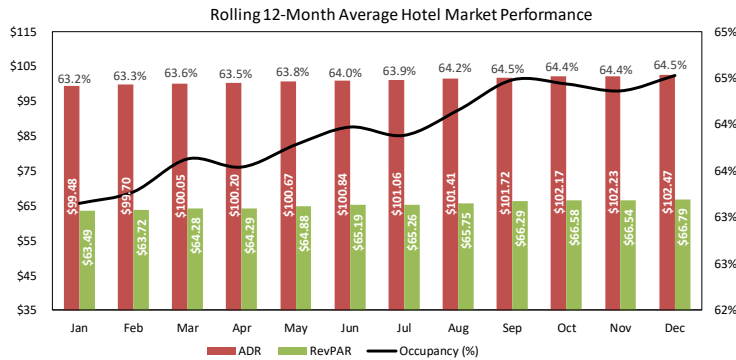
Source: Smith Travel Research

Fig. 9

- Lexington visitation peaks three times throughout the year – in April and October during Keeneland racing and sales and in July.
- Monthly hotel occupancy rates have remained relatively stable over the past three years.

² The regional area includes Lexington hotels and hotels in Berea, Georgetown, Lexington, Paris, Richmond, Wilmore, and Winchester.

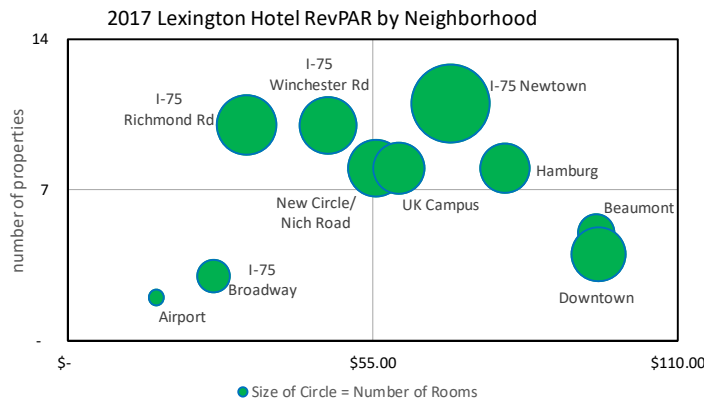
Tourism Demand (cont.)



Source: Smith Travel Research

Fig. 10

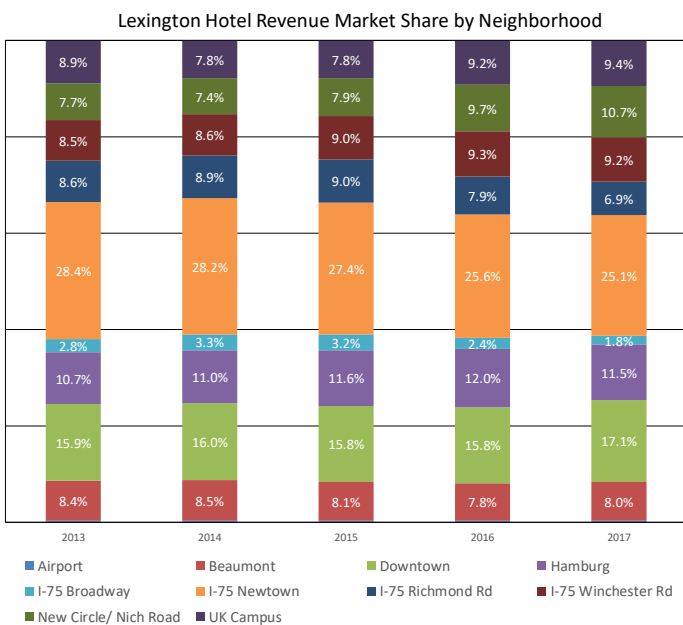
- Analysis of the rolling 12-month average of Lexington hotel occupancy, ADR, and RevPAR shows positive trends in all three metrics.
- Occupancy is trending upward by 1.3 points, ADR is trending upward by 3.0%, and RevPAR is trending upward by 5.2% over the last 12 months.



Source: VisitLEX

Fig. 11

- Although RevPAR is relatively low in the airport and I-75 Broadway areas, the lack of supply could indicate the opportunity to induce new hotel demand if new supply was added.
- The Beaumont neighborhood and downtown have relatively low supply and high RevPAR, which may indicate pockets of opportunities for new hotel supply.

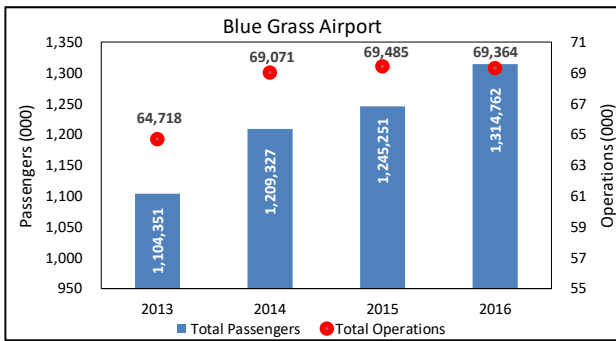


Source: VisitLEX

Fig. 12

- While I-75/Newtown Road corridor is the largest sub-market, the neighborhood's market share has declined more than the market share of other neighborhoods since 2013.
- Market share in the New Circle/Nicholasville Road and Downtown neighborhoods has grown more than other neighborhoods, apparently capturing demand from other neighborhoods and inducing its own demand as new supply has been added.
- The Airport hotel market share, 0.3% in 2017, which is too small to show in the graph, is the smallest sub-market in Lexington.

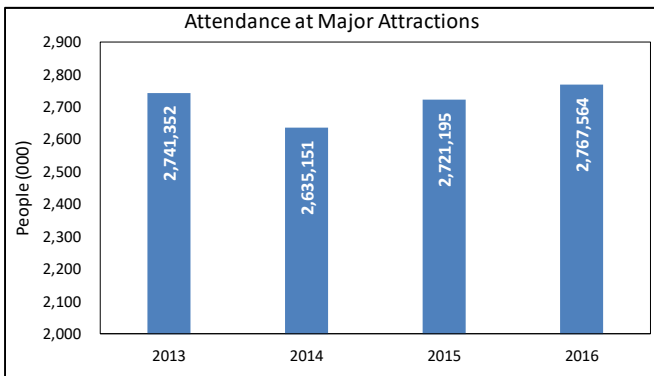
Tourism Demand (cont.)



Source: Blue Grass Airport

Fig. 13

- Total airline passengers at Lexington’s Blue Grass Airport increased by more than 210,000 people, or roughly 19.1%, between 2013 and 2016.
- Total operations at Blue Grass Airport remained steady from 2014 to 2016, indicating a higher passenger load per flight.
- Passengers per flight operation increased by 11.1% from 2013 to 2016.



Source: Individual attractions

Fig. 14

- Attendance at major Lexington leisure attractions has remained steady at roughly 2.7 million people per year.
- Major Lexington leisure attractions include Keeneland Race Track, the Kentucky Horse Park, Red Mile Race Track, the Lexington Legends baseball team, and Rupp Arena.

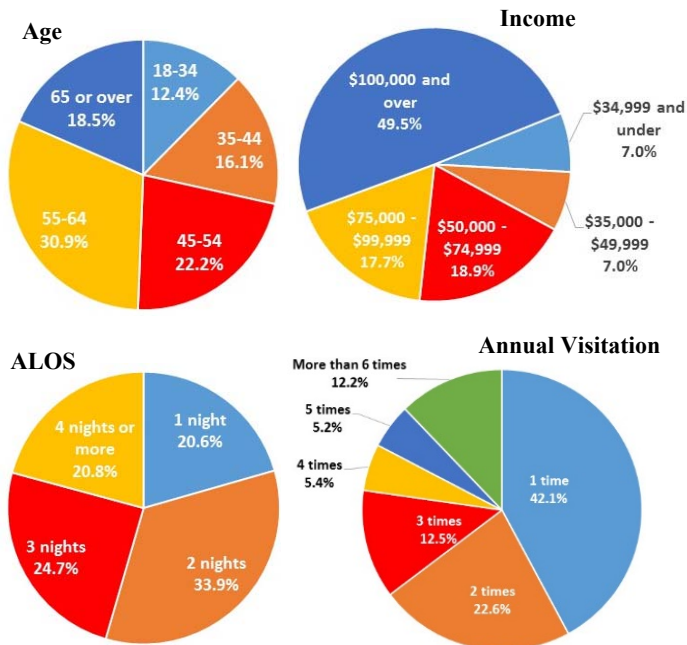
Segment	VisitLEX Group Bookings and Leads			
	Total		Definitive	
	Leads	Roomnights	Leads	Roomnights
Sports	164	116,109	86	36,289
Equine	28	22,846	24	17,556
State	118	39,584	60	14,213
Corporate	40	15,497	18	11,676
Religious	56	72,402	12	9,050
Clubs/Hobby	26	15,463	9	5,102
Trade	51	31,486	14	3,672
Education	35	46,770	13	3,405
Government	26	12,082	8	3,305
Other	154	76,676	58	15,755
Total	698	448,915	302	120,023

Source: VisitLEX

Fig. 15

- Over the past two years, 43% of group business leads and 27% of associated roomnights have been converted to definitive bookings.
- Definitive group bookings have resulted in over 120,000 roomnights in the past two years.
- Sports, equine, state government, and corporate are the largest group demand segments.

Visitor Profile



Source: 2017 UK Study

Fig. 16

- Lexington visitors are typically older – more than half (53.1%) are between the ages of 45 and 64.
- Incomes of Lexington visitors are typically high with 67.2% earning more than \$75,000.
- The majority of visitors to Lexington (79.4%) stay multiple nights – only 20.6% stay one night.
- Repeat visitation is a hallmark of Lexington tourism with the majority of visitors (57.9%) returning to Lexington two times or more during the course of a year.

Destination Competition

Meeting and Convention	Convention Center							
	Meeting Rooms		Exhibition Space		Ballrooms		Within 5 Blocks	
	Number	Total SF	Number	Total SF	Number	Total SF	Hotels	Rooms
Lexington, KY	18	40,040	3	66,000	3	17,070	4	861
Grand Rapids, MI	26	32,000	3	162,000	4	40,000	6	1,575
Kansas City, MO	45	118,000	5	388,800	4	46,400	6	1,993
Chattanooga, TN	21	25,580	4	100,800	6	18,360	6	1,304
Louisville, KY	47	58,924	5	192,768	5	40,256	16	5,212
Covington, KY	10	12,760	2	46,200	5	22,800	3	718

Source: Individual convention centers

Fig. 17

- Lexington currently has four hotels with a total of 861 rooms within five blocks of the Lexington Convention Center.
- Among similar cities with comparable convention centers, Lexington currently has fewer hotels and fewer hotel rooms within close proximity to the convention center.